

Message Text

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11
ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 /028 W

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R 290500Z JUL 76

FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 5887

LIMITED OFFICIAL USE JAKARTA 9908

E.O. 11652: N/A
TAGS: EAIR, OCLR, ID
SUBJECT: CIVAIR: BAYU AIR

REF: A) STATE 180128, B) JAKARTA 9883

1. SUMMARY: I BROUGHT UP SUBJECT OF BAYU AIR WITH
GOI MINISTER OF COMMUNICATIONS EMIL SALIM DURING DISCUSSION
OF US-GOI CIVAIR MATTERS. SALIM SAID HE HAD BEEN INVESTI-
GATING BAYU OPERATIONS AND COULD FIND NO LEGAL REQUIREMENT
FOREIGN FREIGHT CARRIERS USE ITS SERVICES. HE SUSPECTED
IRREGULARITIES, AND PROMISED TO PROBE FURTHER IF WE COULD
SUPPLY MORE DETAILS OF RIPOFFS. END SUMMARY.

2. EMBOFF AND I MET 27 JULY WITH GOI MINISTER OF COMMUNI-
CATIONS EMIL SALIM AND HIS ASSISTANT MR. SUHONO TO DISCUSS
US-GOI CIVAIR MATTERS AS REPORTED REF B. AT TAIL END OF
DISCUSSION, I BROUGHT UP SUBJECT OF SO-CALLED BAYU AIR
RIPOFF. I ASSURED SALIM THAT WHILE I HAD BEEN ASKED TO
FORMALLY CITE BAYU AIR'S ACTIONS AS POSSIBLY CONTRAVENING
TERMS OF CHICAGO ICAO CONVENTION TO WHICH INDONESIA IS
PARTY, I FELT AN INFORMAL DISCUSSION WOULD BE MORE AP-
PROPRIATE.

3. THE MINISTER WAS SOMBER AND ATTENTIVE AS I OUTLINED
TWO INSTANCES WE KNEW OF WHEN PAN AM AND SATURN AIRWAYS
HAD BEEN TOLD THEY WOULD HAVE TO PAY PERCENTAGE OF
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THEIR CHARTER FEE TO BAYU AIR AS CONDITION FOR RECEIVING

GOI PERMISSION TO FLY FREIGHT CHARTERS TO INDONESIA. I ALSO TOLD SALIM OF RIGHT ENJOYED BY ALASKA INTERNATIONAL AIRWAYS IN APPARENT COLLUSION WITH BAYU AIR TO DELIVER CARGOES INTO INDONESIA BEYOND AIRPORTS OF ENTRY, FLIGHTS THAT INDONESIAN LAW DENIES TO FOREIGN AIR CARRIERS.

4. I POINTED OUT TO SALIM THAT ENTIRE SITUATION SURROUNDING BAYU AIR IS MURKY. WE DID NOT KNOW WHO RUNS BAYU AIR; THEY DID NOT APPEAR TO PROVIDE ANY MEANINGFUL SERVICES BEYOND SOME PAPER SHUFFLING FOR EXHORBITANT FEES THEY DEMAND; AND THAT DEALING WITH BAYU AIR WAS APPARENTLY NECESSARY IN ORDER TO GET FLIGHT CLEARANCE FOR FREIGHT CHARTERS TO INDONESIA YET THERE WERE NO OFFICIAL, WRITTEN PROCEDURES ON THIS SCORE.

5. SALIM TOLD ME HE HAD BEEN LOOKING INTO THE MATTER OF BAYU AIR. HE SATED THAT CONCEPT OF "NO OBJECTION" FEES AS REQUIREMENT FOR LANDING RIGHTS HAD BEEN CATEGORICALLY REJECTED BY GOI. HE SAID THAT HE HIMSELF WAS IN DARK ON BAYU AIR'S OPERATIONS SINCE HE COULD FIND NO GOVERNMENT REGULATIONS THAT REQUIRED FOREIGN FREIGHT CHARTERS TO USE BAYU AIR SERVICES AS CONDITION FOR BEING GRANTED LANDING RIGHTS (WHICH, OF COURSE, IS PRECISELY THE POINT OF ISSUE). SALIM NOTED ALSO THAT INDEED FOREIGN FREIGHT CARRIERS WERE NOT PERMITTED TO FLY INTO INDONESIA BEYOND AIRPORTS OF ENTRY, AND THAT FOR ALASKA INTERNATIONAL AIR TO DO SO WAS SUSPICIOUS.

6. MINISTER SALIM WAS ALSO APPARENTLY UNAWARE OF EXISTENCE AND OPERATION OF P.T. PANAH TIARA, LOCAL AGENT WHO SATURN HAD ENGAGED TO HANDLE ITS FLIGHT CLEARANCES FOR ITS ILL-FATED BECHTEL/INCO CHARTER EARLIER THIS YEAR. HE WAS FAMILIAR, HOWEVER, WITH OTHER AGENT WE KNOW OF, AERO INTERNATIONAL. SALIM SPECULATED THAT PERHAPS P.T. PANAH TIARA HAD ITS HAND IN TILL ON FREIGHT CHARTER RIPOFF.

7. SALIM SAID WHOLE BAYU AIR FEE PROBLEM WAS IN FIELD LIMITED OFFICIAL USE

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OF QUOTE IRREGULARITIES UNQUOTE. HE PROMISED TO LOOK INTO IT MORE CLOSELY BUT SAID HE NEEDS FACTS SUCH AS SPECIFIC DATES, FLIGHT NUMBERS AND DETAILS OF FOREIGN CARRIERS' TRANSACTIONS WITH BAYU. I TOLD SALIM WE WOULD FORWARD THESE TO HIS ASSISTANT, MR. SUHONO. NEWSOM

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